



Regular Item

**AUSTIN HOUSING FINANCE CORPORATION
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO: 2
AGENDA DATE: 2/1/07**

Subject: Approve the negotiation and execution of a loan to BLACKSHEAR NEIGHBORHOOD DEVELOPMENT CORPORATION in compliance with applicable federal regulations, including Code of Federal Regulations, Title 24, Section 85 40 performance goals, under the Rental Housing Development Assistance Program in an amount not to exceed \$225,000 to acquire property located at 2412 Bryan Street; and to construct two duplexes comprising four affordable rental housing units located at 2412 Bryan Street and 1705 Rosewood Avenue

Amount & Source of Funding: \$225,000 is available in the Fiscal Year 2006-07 Austin Housing Finance Corporation Budget allocation under the Rental Housing Development Assistance Program. Loan proceeds are anticipated to consist of HOME-Community Housing Development Organization (CHDO) funds.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Paul Hilgers, Executive Director, Austin Housing Finance Corporation, 974-3108.

Prior Council Action: On January 15, 2004 the City Council adopted Resolution No. 040115-44 providing for the transfer of surplus property to the Austin Housing Finance Corporation for the development of low- and moderate-income housing.

Board/Commission Action: N/A

Following Board approval, a loan will be negotiated and executed with the BLACKSHEAR NEIGHBORHOOD DEVELOPMENT CORPORATION (BNDC) in an amount not to exceed \$225,000 to assist in the acquisition of 2412 Bryan Street, and the construction of two duplexes comprising four affordable rental housing units at 2412 Bryan Street and 1705 Rosewood Avenue. Terms of the loan will be for 20 years at zero percent interest that will require yearly payments of \$9,250 by BNDC for the duration of the 20-year loan period, with the principal loan balance of \$40,000 forgiven at the end of the 20-year term contingent upon BNDC meeting the conditions of the loan agreement.

The property at 2412 Bryan Street is City-surplus land that was made available to the Austin Housing Finance Corporation (AHFC) for the development of affordable housing through Resolution #040115-44 adopted by the City Council in January 2004. For the development of the Bryan Street property, the AHFC issued a Request For Proposal (RFP) and BNDC was the only eligible respondent. As proposed, BNDC will acquire the Bryan Street property from the AHFC for the construction of a duplex in conjunction with the construction of a second duplex at 1705 Rosewood Avenue which is presently owned by BNDC. All four units will be three-bedroom units for families with yearly incomes of no more than 60 percent of the Austin area's median family income (MFI - currently \$42,650 per year for a four-person household). Anticipated rents will be according to federal rent limits of no more than \$850 per month not to exceed 30 percent of the households' monthly income adjusted according to tenant-paid utilities.

The project is proposed under the Rental Housing Development Assistance (RHDA) program that provides federal and non-federal assistance as gap financing for the development of affordable rental housing for low- and moderate-income families and persons with special needs. The project is subject to S M A R.T. Housing™ standards, RHDA program guidelines, and applicable local and federal environmental review and fund release requirements. Estimated sources and uses of funds are indicated as follows:

| <u>Sources:</u> | | <u>Uses:</u> | |
|-----------------|---------------|-----------------|---------------|
| RHDA funds | \$ 225,000 | Pre-development | \$ 10,350 |
| Private lender | 115,000 | Land | 40,000 |
| Owner equity | <u>53,900</u> | Construction | 316,800 |
| Total | \$ 393,900 | Soft costs | <u>26,750</u> |
| | | Total | \$ 393,900 |

Performance measures associated with the project are as follows:

- 1 Acquire 2412 Bryan Street; and construct two duplexes totaling four housing units for families with yearly incomes of no more than 60 percent of the Austin area's MFI.
- 2 Develop a minimum of one unit accessible for persons with mobility disabilities, and one unit accessible for persons with hearing and vision disabilities.

BNDC is a non-profit 501(c) (3) organization certified by the City of Austin as a Community Housing Development Organization (CHDO). Established in 1983 to provide affordable housing and services to low-income families in the Blackshear neighborhood, BNDC has developed approximately 40 units of affordable housing comprised of single-family homes and duplexes. Of the 40 units developed, BNDC currently operates 27 units as affordable rental units for low-income families.

The requested funding is available in the Fiscal Year 2006-2007 budget allocation of the Austin Housing Finance Corporation (AHFC), and the request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market rate financing for the development of affordable rental housing for low- and moderate-income households and persons with special needs.